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No. 93-1645

IN THE

Supreme Court of the United States

OCTOBER TERM, 1993

ADVANCED MICRO DEVICES, INC.,
Petitioner,

v.

INTEL CORPORATION,
Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR THE RESPONDENT IN OPPOSITION

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QUESTIONS PRESENTED

This is an action for copyright infringement within the exclusive jurisdiction of the federal courts under 28 U.S.C. § 1338(a). Invoking *Colorado River Water Conservation District v. United States*, 424 U.S. 800 (1976), the district court stayed the action pending a state court review of an award in a contract arbitration between the parties. The award was rendered after this suit was brought and purported to give petitioner—as a defense to this suit—a retroactive license to copy respondent's intellectual property. The court of appeals held that the stay was immediately appealable under *Moses H. Cone Memorial Hospital v. Mercury Construction Corp.*, 460 U.S. 1 (1982), a point that petitioner had conceded in its brief. On the merits, the court of appeals again followed *Moses Cone* and reversed the stay because it did not satisfy the requirements for *Colorado River* abstention. The questions presented are:

1. Whether a *Colorado River* stay is immediately appealable, both as a final order and as a collateral order, as held in *Moses Cone*, 460 U.S. at 8-13.

2. Whether the court of appeals correctly determined that the stay was improper where there was substantial doubt that the state court proceeding would completely resolve the issues between the parties, as required by *Moses Cone*, 460 U.S. at 28, and where the stay would have deferred to the state court the determination of an issue within the exclusive jurisdiction of the federal courts.

3. Whether the Federal Arbitration Act, 9 U.S.C. § 3, required a stay of respondent's action where the parties did not agree to arbitrate copyright issues and, before the stay was entered, the arbitrator had rendered his award.

4. Whether "comity" or "finality" justifies a stay in favor of state proceedings where the requirements of the *Colorado River* doctrine are not met and no state judgment is entitled to preclusive effect under state law.

RULE 29.1 STATEMENT

Intel Corporation has no parent or subsidiary corporations required to be listed under Rule 29.1 of this Court.

TABLE OF CONTENTS

STATUTES INVOLVED 1

STATEMENT OF THE CASE 1

REASONS FOR DENYING THE PETITION 8

I. THE NINTH CIRCUIT CORRECTLY EXERCISED APPELLATE JURISDICTION 10

A. A *Colorado River* Stay is an Appealable Order 10

B. The Ninth Circuit's Exercise of Jurisdiction Does Not Create a Circuit Conflict 13

II. THE NINTH CIRCUIT CORRECTLY REVERSED THE STAY 16

A. *Colorado River* Stays Are Proper Only Where Federal Courts Have Full Confidence that the State Proceeding Will Completely Resolve the Federal Lawsuit 16

B. No Other Exceptional Circumstances Clearly Justified the District Court's Refusal to Adjudicate this Case 18

C. The Ninth Circuit's Application of *Colorado River* Does Not Create a Circuit Conflict 21

III. THE FEDERAL ARBITRATION ACT DID NOT JUSTIFY THE STAY 24

IV. PRINCIPLES OF FINALITY AND COMITY DID NOT JUSTIFY THE STAY 26

V. TO REVERSE THE DECISION BELOW, THIS COURT WOULD HAVE TO RESOLVE A COLLATERAL ESTOPPEL QUESTION THAT TURNS ON STATE LAW AND IS OF NO CONCERN TO OTHER LITIGANTS 27

VI. THE ISSUES LIKELY WILL BECOME MOOT BEFORE THIS COURT COULD DECIDE THEM 29

CONCLUSION 30

APPENDIX

TABLE OF AUTHORITIES

Cases:

Andrea Theatres, Inc. v. Theatre Confections, Inc.,
787 F.2d 59 (2d Cir. 1986) 20

Arizona v. San Carlos Apache Tribe,
463 U.S. 545 (1983) 20

Betyar v. Pierce,
205 Cal. App. 3d 1250, 252 Cal. Rptr. 907 (1988) 28

Boushel v. Toro Co.,
985 F.2d 406 (8th Cir. 1993) 14

Cohen v. Beneficial Indus. Loan Corp.,
337 U.S. 541 (1949) 10

Colorado River Water Conserv. Dist. v. United States,
424 U.S. 800 (1976) . . . . . *passim*

Coopers & Lybrand v. Livesay,
437 U.S. 463 (1978) 11

Crotty v. City of Chicago Heights,
857 F.2d 1170 (7th Cir. 1988) 15

Day v. Union Mines Inc.,
862 F.2d 652 (7th Cir. 1988) 23

Donovan v. City of Dallas,
377 U.S. 408 (1964) 4

Eichman v. Fotomat Corp.,
759 F.2d 1434 (9th Cir. 1985) 5

Cases (continued):

General Atomic Co. v. Felter,
434 U.S. 12 (1977) 4

General Motors Corp. v. California Bd. of Equalization,
815 F.2d 1305 (9th Cir. 1987),
cert. denied, 485 U.S. 941 (1988) 19

Gulfstream Aerospace Corp. v. Mayacamas Corp.,
485 U.S. 271 (1988) 11, 13, 15
16, 17, 28

Hikers Indus. v. William Stuart Indus. (Far East),
640 F. Supp. 175 (S.D.N.Y. 1986) 22

Hinkle v. Delta Dental Plan,
No. 92-6178, 1993 WL 141089 (10th Cir.)
(disposition recorded at 992 F.2d 1223 (Table)) . 15

Ingersoll-Rand Fin. Corp. v. Callison,
844 F.2d 133 (3d Cir. 1988) 21, 22

Interstate Material Corp. v. City of Chicago,
847 F.2d 1285 (7th Cir. 1988) 15, 23

Johnson v. St. Frances Xavier Cabrini Hosp.,
910 F.2d 594 (9th Cir. 1990) 28

Kruse v. Snowshoe Co.,
715 F.2d 120 (4th Cir. 1983),
cert. denied, 465 U.S. 1065 (1984) 20, 21

Landis v. North Am. Co.,
299 U.S. 248 (1936) 27

Cases (continued):

Levin v. Ripple Twist Mills, Inc.,
416 F. Supp. 876 (E.D. Pa. 1976), *appeal dismissed*, 549 F.2d 795 (3d Cir. 1977) (Table) . 22

Lucido v. Superior Court,
51 Cal. 3d 335, 795 P.2d 1223, 272 Cal. Rptr. 767 (1990), *cert. denied*, 500 U.S. 920 (1991) 28

Lunde v. Helms,
898 F.2d 1343 (8th Cir.), *cert. denied*, 498 U.S. 897 (1990) 14

McClellan v. Carland,
217 U.S. 268 (1910) 16

Medema v. Medema Builders, Inc.,
854 F.2d 210 (7th Cir. 1988) 19

Minucci v. Agrama,
868 F.2d 1113 (9th Cir. 1989) 19

Moses H. Cone Mem. Hosp. v. Mercury Constr. Corp.,
460 U.S. 1 (1983) . . . . . *passim*

Neptune v. McCarthy,
706 F. Supp. 958 (D. Mass. 1989) 22

Pioneer Properties, Inc. v. Martin,
776 F.2d 888 (10th Cir. 1985) 14, 15

Will v. Calvert Fire Ins. Co.,
437 U.S. 655 (1978) 20, 27

Wisniewski v. United States,
353 U.S. 901 (1957) 15

Statutes:

17 U.S.C. § 106 . . . . . 1, 4, 19

9 U.S.C. § 3 . . . . . 7, 24

28 U.S.C. § 1291 . . . . . 10, 11

28 U.S.C. § 1338(a) 19

28 U.S.C. § 1738 7

BRIEF FOR THE RESPONDENT IN OPPOSITION

Respondent Intel Corporation ("Intel") respectfully requests that this Court deny the petition for a writ of certiorari filed by petitioner Advanced Micro Devices, Inc. ("AMD").

STATUTES INVOLVED

In addition to the statutes set forth at Pet. App. 66a-70a, Section 106 of the Copyright Act, 17 U.S.C. § 106, is relevant to this case. That statute is reproduced in the Appendix to this brief.

STATEMENT OF THE CASE

Intel and AMD are companies that design, manufacture and sell microprocessors and other products. In October 1991, Intel commenced this federal copyright action after AMD admitted both that it had copied the copyrighted microcode embedded in Intel's highly successful 80386 family of microprocessors, and that it had sold imitation 80386 microprocessors that embodied Intel's code. AMD has interposed various defenses, including a defense that in February 1992, *after* this suit was filed, the arbitrator of a dispute arising under a technology-sharing contract between the parties retroactively awarded AMD a license to copy Intel microcode. Intel sought summary dismissal of that defense on the ground that the arbitration agreement did not empower, and Section 106 of the Copyright Act did not allow, the arbitrator to invent such a remedy in light of his own finding that AMD had no contractual right to receive any part of the 80386 technology. Despite exclusive federal jurisdiction and the fact that the California proceedings may not resolve the federal suit, the district court stayed the entire federal lawsuit indefinitely to await the completion of appellate review of the award by the California courts.

The question posed by the petition is whether the court of appeals properly reversed the stay in these circumstances. The

background and history of the arbitration and this case are as follows:

1. In February 1982, Intel and AMD entered into a technology-sharing contract under which each company could earn the rights to manufacture and sell products developed by the other. To earn such rights, each company had to provide to the other "manufacturing packages" for products that the other elected to manufacture. Over time, AMD elected to produce a number of Intel products, but failed to develop products of its own that Intel wished to produce. Although AMD desired the right to manufacture Intel's hugely successful 80386 microprocessor, it did not earn that right under the contract. [Pet. App. 2a, 44a][1]

In April 1987, AMD compelled arbitration proceedings, claiming, among other things, that Intel had breached the contract by declining to elect to manufacture AMD products. AMD specifically claimed contractual rights to Intel's 80386 family of microprocessors. As part of the reference to arbitration, the parties stipulated that the arbitrator had discretion only to award remedies within his jurisdiction and that all such remedies had to be within the scope of the parties' contract. [Pet. App. 2a-3a, 44a-45a]

After years of proceedings, the arbitrator ruled that AMD had earned no rights to the 80386 under the contract, because Intel was not obliged to accept any AMD products. [Pet. App. 3a, 45a][2] AMD nevertheless had proceeded in the interim to

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[1] The contract terminated no later than May 1988. [Arb. Dec. and Award with Resp. to Liability, Oct. 11, 1990, at 56]

[2] Although the arbitrator found that Intel had no obligation to acquire AMD products and that Intel had sound business reasons for rejecting each part offered by AMD, he also ruled that Intel had breached an implied covenant of good faith and fair dealing by failing to disclose its

develop an imitation of Intel's 80386, which it began to market in late 1990. After AMD admitted that it had copied and used Intel's microcode in its imitation 80386, thereby *prima facie* infringing Intel's copyright on that microcode, Intel brought this federal copyright infringement action in October 1991. [Pet. App. 3a-4a]

2. Several months after Intel brought suit, the arbitrator issued his award. [Pet. App. 38a-42a] In the award decision, the arbitrator confirmed his interlocutory conclusion that AMD was not entitled to the 80386 under the technology-sharing contract. [*See* Arb. Mem. of Dec. re Issues in Award, Feb. 24, 1992, at 6 ("AMD could not obtain the rights to the 386 under the Contract")] Nonetheless, because he desired to end what he perceived as "incessant litigation" between the parties, the arbitrator awarded AMD a "license" in whatever intellectual property of Intel that AMD may have used in its imitation of the 80386. [*Id.* at 16, 85-86][3] The arbitrator specifically stated

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intention not to acquire any further parts from AMD. The arbitrator found, however, that AMD suffered no measurable damages from that breach because it had not offered Intel any products thereafter and because both parties knew that AMD would have no products to offer in the foreseeable future. [Pet. App. 45a]

[3] Although suggesting that the license award was a remedy for Intel's breach of the covenant of good faith and fair dealing [*see* note 2], the arbitrator recognized that the award was a non-contractual remedy. Thus, he explained that *except* for the award of the license, he had tried to follow the law:

> Otherwise, any arbitration proceeding can turn into a kangaroo court. For these reasons this Arbitrator in reaching the decisions on the issues of the award has insofar as possible followed through the factual thicket of this case that path limned by the rules of law.
>
> In only one respect has the Arbitrator departed from a conventional approach to relief in this case: in Paragraphs

that the license was designed to end *this* federal action in AMD's favor. [*See* Pet. App. 39a-40a ("The intent of this [license] is to provide a complete and dispositive defense to AMD as to the Intel claims against AMD regarding the technology and intellectual property used in AMD's current versions of the 80386 in such lawsuits as [this copyright action]")][4]

The arbitrator's license gave AMD a retroactive award of immunity for its infringement of Intel's proprietary rights in the 80386, even though that infringement occurred *after* the technology-sharing contract had expired. [Pet. App. 39a-40a]. But the issue whether AMD had any right, after the termination of the agreement, to use Intel's intellectual property in copying Intel products had not been referred to arbitration, nor had any evidence been offered on the subject in the arbitration. Likewise, the parties had not briefed or argued whether the arbitrator could create such rights by fiat in the face of Section 106 of the Copyright Act, which provides that only the copyright holder may authorize the copying and distribution of a copyrighted work.

> 5 and 6 of the Award he has in effect put an end to the incessant litigation between AMD and Intel over the 386 (whether the Intel part or the reverse engineered AMD part) and has in effect allowed AMD to market its part free from Intel's harassment over the alleged misappropriation of Intel's alleged intellectual property rights.

[Arb. Mem. of Dec. re Issues in Award, Feb. 24, 1992, at 16-17 (footnotes omitted)]

[4] In an initial draft of the award circulated to the parties, the arbitrator purported to enjoin Intel's further prosecution of this suit. After AMD advised that he lacked such power [*see General Atomic Co. v. Felter*, 434 U.S. 12 (1977); *Donovan v. City of Dallas*, 377 U.S. 408 (1964)], the arbitrator revised the award to grant AMD a license that was expressly intended to serve as a dispositive defense to this suit. [Pet. App. 5a n.2]

3. AMD then petitioned to confirm the arbitration award in the California Superior Court. Intel responded and filed a cross-motion to correct the award by striking the "license" grant. The Superior Court confirmed the award [Pet. App. 25a-37a], but on appeal, the California Court of Appeal modified the award by deleting the purported license on the ground that the arbitrator had exceeded his authority [Pet. App. 43a-54a]. The case is now on review before the California Supreme Court. [*See* Pet. App. 55a] Under California law, the arbitration award cannot be enforced, and can have no preclusive effect, if ever, until all possible appeals are exhausted. *See Eichman v. Fotomat Corp.*, 759 F.2d 1434, 1439 (9th Cir. 1985).

4. After the California Superior Court had confirmed the arbitration award, but before the California Court of Appeal had corrected it, AMD added to its answer in this copyright action an allegation that the arbitration award constituted a complete defense. AMD also applied for a stay of all proceedings in this action during the California courts' arbitration review proceedings. AMD's stay request relied on the "rationale" of this Court's decision in *Colorado River Water Conservation District v. United States*, 424 U.S. 800 (1976), and asked the district court to hold that the state courts' ultimate resolution would be binding.[5] AMD's motion, however, recognized that "the *Colorado River* doctrine is not strictly applicable," and cited Ninth Circuit authority for the proposition that "the *Colorado River* doctrine is not applicable to copyright claims," over which state courts have no jurisdiction. [Def. AMD's Am. & Suppl. Mem. in Supp. of its Mot. for a Stay, July 20, 1992, at 11 & n.6]

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[5] In *Colorado River*, this Court held that in certain "exceptional" circumstances, considerations of "wise judicial administration" may counsel staying a federal court action when parallel proceedings are pending in a state court with concurrent jurisdiction. 424 U.S. at 817-18. The requirements for a *Colorado River* stay are discussed in Section II, below.

Intel opposed the requested stay and moved for partial summary judgment dismissing AMD's license defense on the ground that the arbitrator's award violated Section 106 of the Copyright Act and, moreover, could have no preclusive effect on this action under California law. [Intel's Mem. in Supp. of Its Cross Mot. for Part. Summ. Judg. and Opp. to AMD's Mots. for Summ. Judg. or for a Stay, Aug. 4, 1992]

The district court denied Intel's summary judgment motion without prejudice and granted the stay, invoking *Colorado River* as authority. Although the court conceded that it harbored its own "reservations" about the arbitrator's actions [Pet. App. 19a], it held that "given the unique facts of this case and based on guidance from *Colorado River*, a stay of the federal case is appropriate as an exceptional circumstance under a policy of wise judicial administration" [Pet. App. 23a]. The district court expressly predicated the stay on its conclusion that the state court arbitration review proceedings would have collateral estoppel effect on "whether AMD has the license rights to the 386." [Pet. App. 20a]

5. On appeal, a unanimous panel of the Ninth Circuit reversed the stay. The court of appeals first noted that it had jurisdiction to hear the appeal under *Moses H. Cone Memorial Hospital v. Mercury Construction Corp.*, 460 U.S. 1 (1983)—a point conceded by AMD in its answering brief. [Pet. App. 5a][6] On the merits, the court observed this Court's caution that the *Colorado River* doctrine permits only a "narrow" exception to the obligation of federal courts to decide cases within their jurisdiction. [Pet. App. 6a (citing *Moses Cone*, 460 U.S. at 17)] Quoting *Moses Cone* and citing decisions from various courts of appeals, the court held that this exception does not apply where there exists "substantial doubt as to whether the

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[6] AMD did not brief its challenge to the court of appeals's jurisdiction until it sought rehearing.

state proceedings will resolve the federal action . . . ." [Pet. App. 7a-8a & n.4] Applying that standard, the court found the stay improper:

> The concurrent state court proceedings will resolve all the issues in this action *only* if the arbitration award is confirmed and if the state court's resolution of the copyright challenge to the award is deemed to have collateral estoppel effect in federal court. In contrast, if the state court overturns the arbitration award, then the case will return to federal court for the adjudication of the underlying copyright claims (having been delayed for the entire period of the stay). A consideration of these contingencies raises the substantial doubt sufficient to preclude a *Colorado River* stay.

[Pet. App. 8a (footnotes omitted)]

Although the court's finding of substantial doubt made it unnecessary to look further in reversing the stay, the court also noted that "federal courts are particularly reluctant to relinquish jurisdiction when a case involves federal law issues" and that "[a] stay would be especially difficult to justify in a case such as this one, where the copyright claims are subject to exclusive federal jurisdiction." [Pet. App. 8a n.7] Finally, the court rejected AMD's contentions that the Federal Arbitration Act, 9 U.S.C. § 3, and the "full faith and credit" statute, 28 U.S.C. § 1738, mandated a stay. [Pet. App. 9a-12a][7]

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[7] Because "the possibility that the award will be reversed through the state appellate review process [was] sufficient to raise a substantial doubt as to whether the state proceedings will end the [federal] litigation," the court of appeals declined to resolve whether a final state court confirmation of the arbitrator's decision would have preclusive effect. [Pet. App. 8a n.5]

AMD sought rehearing and rehearing en banc. The panel unanimously denied the petition for rehearing, and no judge on the entire court endorsed AMD's suggestion for rehearing en banc. [Pet. App. 56a] Both the Ninth Circuit and Justice O'Connor, acting in her capacity as Circuit Justice, summarily denied AMD's request for a stay or recall of the mandate pending a petition for certiorari. [Pet. App. 57a, 59a] After a delay of a year-and-a-half, the district court presumably will now proceed to resolve Intel's pending summary judgment motion.

REASONS FOR DENYING THE PETITION

The issues presented by the petition concern whether a district court may enter, and a court of appeals may review, a stay pending completion of state court proceedings, where: the stayed federal action is within the exclusive jurisdiction of the federal courts; the state proceedings involve review of an arbitration award rendered *after* the federal action was filed; and the purpose of the stay (according to the district court) was to give collateral estoppel effect to the state proceedings on an issue that could dispose of the federal action. The appealability and propriety of a stay in these circumstances do not merit the attention of this Court for several reasons.

1. The issues are likely to become moot before this Court could decide them. The stay was to remain in effect only during the pendency of the state courts' review of the arbitrator's award. The California Supreme Court has accepted jurisdiction over that issue, and briefing is complete. Its decision likely will be rendered before this Court could grant plenary consideration.

2. The issues are not recurring. The district court's stay order stressed the "unique facts of this case" [Pet. App. 23a], and AMD cites not a single appellate decision arising from like factual circumstances or presenting the same issues. Moreover, because a stay would be pointless unless the state court judgment will be preclusive in this action, this Court could not reinstate the stay without determining whether the final decision

of the California courts would be entitled to collateral estoppel effect. A decision on that issue would require this Court to resolve a fact-bound question of California law that was not decided by the court of appeals.

3. The decision of the court of appeals was correct both in exercising appellate jurisdiction over the stay and reversing it.

a. On the issue of reviewability, while AMD quarrels with the Ninth Circuit's "perfunctory" analysis, a brief citation to *Moses Cone* was all that was necessary, not only because AMD had conceded appellate jurisdiction, but also because *Moses Cone* expressly held that a *Colorado River* stay is appealable alternatively as a collateral order or as a final order. 460 U.S. at 8-13.

b. On the merits, *Moses Cone* instructed that "it would be a serious abuse of discretion" to grant a stay "[i]f there is any substantial doubt" that the state proceedings "will be an adequate vehicle for the complete and prompt resolution of the issues between the parties." *Id.* at 28. Here, the California Supreme Court's ruling will *not* resolve this action if (i) it affirms the lower California appellate court's decision to strike the arbitrator's license award, *or* (ii) it reinstates the award, but its decision is not deemed to have collateral estoppel effect. AMD does not dispute that there is at least substantial doubt on these issues. In any event, the Ninth Circuit's conclusion that substantial doubt exists is a case-specific determination that ought to be of no interest to this Court.

c. AMD also contends that the reversal of the stay offended the Federal Arbitration Act and principles of "finality" and "comity." But AMD had no right to a stay under the Arbitration Act because Intel's copyright claim is not subject to any arbitration agreement and the validity of the arbitrator's license award is a matter for judicial, not arbitral, resolution. Similarly, "comity" cannot justify a stay where the requirements of the *Colorado River* doctrine are not satisfied, and "finality"

cannot do so where the state proceedings are not final or entitled to preclusive effect under state law.

4. The Ninth Circuit's resolution of these issues does not create any circuit conflict. AMD cites no decision that would have rejected appellate jurisdiction in these circumstances or sanctioned a *Colorado River* stay where, as here, the federal action is within the exclusive jurisdiction of the federal courts, the federal suit was filed before the state court proceedings began, and the overlapping question turns in part on federal law.

I. THE NINTH CIRCUIT CORRECTLY EXERCISED APPELLATE JURISDICTION

AMD contests the jurisdiction of the court of appeals to review the *Colorado River* stay entered by the district court. [Pet. 10-15] AMD even chides the court of appeals for asserting its jurisdiction "perfunctorily" and "without analysis." [Pet. 6] But AMD's brief in the Ninth Circuit explicitly acknowledged that the stay "[wa]s appealable pursuant to 28 U.S.C. § 1291." [AMD C.A. Br. 1] There was thus no reason for the court of appeals to discuss jurisdiction at length. Indeed, because jurisdiction was uncontested and the Ninth Circuit did not detail its reasoning on the issue, there is no risk that the court's "perfunctory" acceptance of jurisdiction will engender confusion or inconsistency among the circuits. In any event, AMD's original concession of jurisdiction was correct and the circuit conflict it now alleges does not exist.

A. A Colorado River *Stay is an Appealable Order*

This Court's jurisdictional holding in *Moses Cone* rested on two alternative bases, each of which independently justified the exercise of appellate jurisdiction in this case.

1. The petition essentially ignores the holding in *Moses Cone* [460 U.S. at 11-13] that *Colorado River* stay orders are immediately appealable under the collateral order doctrine of *Cohen v. Beneficial Industrial Loan Corp.*, 337 U.S. 541

(1949). *See also Gulfstream Aerospace Corp. v. Mayacamas Corp.*, 485 U.S. 271, 276 (1988) (reiterating that "a district court order granting a stay of litigation pursuant to *Colorado River* meets each of the three requirements of the collateral-order doctrine and therefore is appealable under [28 U.S.C.] § 1291"). Under that doctrine's familiar three-pronged test, an order is immediately appealable if it "conclusively determine[s] the disputed question, resolve[s] an important issue completely separate from the merits of the action, and . . . [is] effectively unreviewable on appeal from a final judgment." *Moses Cone*, 460 U.S. at 11-12 (quoting *Coopers & Lybrand v. Livesay*, 437 U.S. 463, 468 (1978)).

As to the first criterion, here, as in *Moses Cone*, there is no reason to suppose that the district court contemplated any reconsideration of its decision to defer to the outcome of the state proceedings. *See id.* at 12-13. Its decision to await, and then accord preclusive effect to, the final ruling of the California courts was unquestionably its "final word on the subject." *See id.* at 12 n.14. As to the second criterion, *Moses Cone*'s holding that "[a]n order that amounts to a refusal to adjudicate the merits plainly presents an important issue separate from the merits" [*id.* at 12] applies equally here. Finally, because the stay was to expire upon completion of the California courts' review proceedings, the stay would have been moot—and hence unreviewable—on appeal from the final judgment in this action.[8]

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[8] Moreover, as in *Moses Cone*, if the state courts uphold the arbitration award, the district court has stated its intention to give that decision collateral estoppel effect, and to enter judgment for AMD on the ground that it has "license rights to the 386." [Pet. App. 20a] On appeal from such a final judgment, the court of appeals would not be able to review the merits of whether the license conferred on AMD by the arbitrator violated the Copyright Act; instead, the court would be limited to review of whether the requirements for collateral estoppel were met. And

2. The Court in *Moses Cone* also found an independent basis for appellate jurisdiction: a *Colorado River* stay order is final because, by definition, "the object of the stay is to require all or an essential part of the federal suit to be litigated in a state forum." *Id.* at 10 n.11. Such a stay necessarily puts the plaintiff "effectively out of court" and "amounts to a dismissal of the suit." *Id.* at 9-10.[9]

AMD argues, however, that because the district court in this case anticipated holding further proceedings, its action was not tantamount to dismissal and hence no appellate jurisdiction existed. AMD ignores, however, that *Colorado River* stays necessarily assume that the state proceedings will be *fully* dispositive of the issues in the federal action:

> [a]n order granting a *Colorado River* stay . . . "necessarily contemplates that the federal court will have nothing further to do in resolving any substantive part of the case" because a district court may enter such an order only if it has full confidence that the parallel state proceeding will "be an adequate vehicle for the complete and prompt resolution of the issues between the parties."

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if, contrary to Intel's position [see Section V, below], the court of appeals were to conclude that collateral estoppel was appropriate, the issue whether AMD infringed Intel's copyright in the 80386 would be insulated from later federal appellate review. *See Moses Cone*, 460 U.S. at 12 (stay order was unreviewable if not immediately appealable because of preclusive effect of state court determination).

[9] In *Moses Cone*, the state and federal suits turned on the identical issue. This Court noted that, due to the stay, the state court judgment would issue first and have res judicata effect. Thus, the federal suit was effectively over, even though it had not been formally dismissed. 460 U.S. at 8-10.

Gulfstream Aerospace, 485 U.S. at 277 (quoting *Moses Cone*, 460 U.S. at 28). Indeed, the very reason that the district court granted the stay here was so that it would have nothing further to do in resolving an essential part of this copyright action: "whether AMD has the license rights to the 386." [Pet. App. 20a] The district court explicitly intended to give the California courts' resolution of that issue collateral estoppel effect, just as the district court in *Moses Cone* intended to give res judicata effect to the state court proceedings at issue there. *See id.*[10]

Intel disagrees with the district court's conclusion that collateral estoppel would apply in these circumstances, and, for that reason and others, contends that the stay should not have been entered. *See* Sections II and V, below. But the district court's error in concluding that the state proceedings would be dispositive cannot shield its order from appellate review. To conclude otherwise would yield the anomalous and indefensible result that erroneous stay orders in these circumstances are not appealable, but correct stay orders are.

B. The Ninth Circuit's Exercise of Jurisdiction Does Not Create a Circuit Conflict

Contrary to AMD's contention [Pet. 10], the Ninth Circuit's acceptance of jurisdiction does not conflict at all, let alone create a "direct conflict," with any of the cases from other circuits on which AMD relies. None of those cases involved *Colorado River* stay orders like the one here, and none of them would compel the refusal of appellate jurisdiction in this case.

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[10] Although AMD now stresses the prospect of further proceedings in the district court, AMD took a far different tack in requesting that the Ninth Circuit uphold the stay. [*See* AMD C.A. Br. 8 ("the stay is proper as a matter of 'wise judicial administration' since the state court judgment, when confirmed on appeal, will provide a complete defense to the federal copyright action")].

Lunde v. Helms, 898 F.2d 1343 (8th Cir.), *cert. denied*, 498 U.S. 897 (1990), does not even mention *Colorado River*. Accordingly, it hardly suggests that *Colorado River* stays such as the one in this case are not appealable. Nor does *Lunde* consider or apply the collateral order doctrine. Further, the district court order in that case was tentative because it "le[ft] open the possibility that the stay could be vacated if plaintiff demonstrated that her federal constitutional or statutory rights would be infringed by or cannot be addressed in the on-going state proceedings." *Id.* at 1345. The district court in this case did not leave open such a possibility.[11]

Pioneer Properties, Inc. v. Martin, 776 F.2d 888 (10th Cir. 1985), concerned a stay pending *arbitration*, not a *Colorado River* stay. *Id.* at 891. Unlike here, where the district court assumed that the state proceedings would have preclusive effect on whether AMD has license rights to the 80386, the plaintiff in *Pioneer Properties* was free to return to federal court to seek at least limited review of the arbitration award. *Id.* Moreover,

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[11] The other Eighth Circuit decision AMD cites, *Boushel v. Toro Co.*, 985 F.2d 406 (8th Cir. 1993), is equally inapposite. The federal and foreign claims there were not completely overlapping, and the stay order (as in *Lunde*) "specifically stated that if the [plaintiffs] were unable to obtain complete relief in the [foreign] action, they are free to continue the federal action." *Id.* at 408-09. For this and other reasons the Eighth Circuit expressly *rejected* the appellant's effort to analogize the stay to a *Colorado River* stay. *Id.* at 409. Moreover, the collateral order doctrine was inapplicable because the stay order there (unlike here) explicitly was not the district court's final word on whether the federal action would proceed, and thus did not conclusively determine the disputed question. *Id.* at 410.

Pioneer Properties never mentioned the collateral order doctrine.[12]

Crotty v. City of Chicago Heights, 857 F.2d 1170 (7th Cir. 1988), also involved a completely different context. The "stay" there was not a true stay at all, for it allowed discovery to proceed in the federal case on the plaintiffs' RICO claim. *Id.* at 1174. Only because of those "unusual facts" was the order held unappealable. *Id.* Moreover, in reaching its conclusion, the court did not consider the collateral order doctrine.[13]

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[12] AMD also cites the Tenth Circuit's unpublished decision in *Hinkle v. Delta Dental Plan*, No. 92-6178, 1993 WL 141089 (disposition recorded at 992 F.2d 1223 (Table)). Unlike here, the stay in *Hinkle* was in deference to an administrative proceeding involving issues that did not overlap with the federal litigation. No determination in the administrative proceedings could have barred later consideration of the plaintiff's federal claims. Moreover, *Hinkle* was decided at a time when, under former Tenth Circuit Rule 36.3 (now suspended), unpublished opinions were to be accorded no precedential value. Accordingly, it can hardly establish a circuit split of concern to this Court.

[13] *Crotty* appears to misread *Moses Cone*. As this Court made clear in *Gulfstream Aerospace*, 485 U.S. at 276-77, the Court's holding in *Moses Cone* that *Colorado River* stays are immediately appealable under the collateral order doctrine was *independent* of its holding that such stays are final orders because they effectively put the plaintiff out of federal court. *Crotty* curiously mentions the collateral order doctrine yet never applies it, evidently lumping this Court's two independent holdings into one. *See* 857 F.2d at 1173-74. This Court should not correct the Seventh Circuit's error in this case, however. Other panels of that circuit have recognized the independence of this Court's holding regarding the collateral order doctrine. *See Interstate Material Corp. v. City of Chicago*, 847 F.2d 1285, 1287-88 (7th Cir. 1988) (order granting stay pursuant to *Colorado River* is appealable under collateral order doctrine). *Crotty* may conflict with *Interstate Material*, but "[i]t is primarily the task of a Court of Appeals to reconcile its internal difficulties." *Wisniewski v. United States*, 353 U.S. 901, 902 (1957).

II. THE NINTH CIRCUIT CORRECTLY REVERSED THE STAY

AMD also asserts [Pet. 15-21] that the court of appeals erred on the merits in reversing the district court's application of the *Colorado River* doctrine. But the court of appeals was correct; it is AMD, not the Ninth Circuit, that has misunderstood this Court's precedents.

A. Colorado River *Stays Are Proper Only Where Federal Courts Have Full Confidence that the State Proceeding Will Completely Resolve the Federal Lawsuit*

This Court has long recognized that "'the pendency of an action in the state court is no bar to proceedings concerning the same matter in the Federal court having jurisdiction.'" *Colorado River*, 424 U.S. at 817 (quoting *McClellan v. Carland*, 217 U.S. 268, 282 (1910)). Federal courts have a "virtually unflagging obligation . . . to exercise the jurisdiction given them." *Id.* Accordingly, stays in deference to parallel state proceedings based on "wise judicial administration" are appropriate only in "exceptional" circumstances. *Id.* at 817-18; *see also Moses Cone*, 460 U.S. at 16, 19 (describing the *Colorado River* test as an "exceptional-circumstances test").

For these reasons, this Court has narrowly circumscribed the permissible range of *Colorado River* stays. As a threshold matter, "a district court may enter [a *Colorado River* stay] only if it has full confidence that the parallel state proceeding will 'be an adequate vehicle for the complete and prompt resolution of the issues between the parties.'" *Gulfstream Aerospace*, 485 U.S. at 277 (quoting *Moses Cone*, 460 U.S. at 28).

Here, the Ninth Circuit correctly concluded that there was substantial doubt whether the California courts' review of the arbitration award will completely and promptly resolve Intel's federal copyright suit. As the court of appeals observed [Pet. App. 8a], the California proceedings would resolve the federal

copyright claim *only* if the California Supreme Court reversed the judgment of the California Court of Appeal *and* if the resulting judgment in favor of AMD were accorded collateral estoppel effect. At minimum, that outcome is substantially doubtful.[14]

AMD does not and cannot contest the substantial doubt as to whether the state proceedings will resolve Intel's federal claim.[15] Rather, AMD complains that the court of appeals employed an incorrect legal standard by according dispositive weight to one of numerous stay-related factors. [Pet. 15-17] AMD errs because it fails to recognize that the "complete and prompt determination" rule is a *threshold inquiry,* not part of a balancing test. As this Court put it in *Moses Cone,* "[i]f there is any substantial doubt" whether a state proceeding "will be an adequate vehicle for the complete and prompt resolution of the issues between the parties . . . it would be a serious abuse of discretion to grant the stay or dismissal at all." *Moses Cone,* 460 U.S. at 28; *see also Gulfstream Aerospace,* 485 U.S. at 277

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[14] As the court of appeals noted, if Intel prevails in the California proceedings, the federal case will not be resolved because AMD asserts other defenses. [Pet. App. 8a & n.6] The court of appeals considered the probability of an Intel victory in the California proceedings so substantial that it found no need to resolve whether the district court correctly determined that a victory by AMD would have collateral estoppel effect. [Pet. App. 8a n.5]

As discussed in Section V below, the district court's collateral estoppel analysis was incorrect because, among other things, AMD's entitlement to a license award was neither actually litigated before the arbitrator nor necessary for him to reach. That issue, however, should be of no interest to this Court because it is a record-dependent question that turns on state preclusion law.

[15] AMD evidently recognizes that even if the court of appeals had erred in making that case-specific determination, that error would be of no interest to this Court.

(endorsing same principle). Thus, a stay *cannot* qualify as a proper *Colorado River* stay unless the state proceeding will surely resolve the federal lawsuit.

In the end, AMD's real complaint is not that the Ninth Circuit departed from *Moses Cone,* for the "complete and prompt determination" rule dictated the Ninth Circuit's reversal of the stay. Rather, AMD's real complaint is that *Moses Cone* is too narrow, and that this Court should write a new and broader abstention doctrine that permits an entire federal suit to be stayed so that state courts can decide one potentially overlapping issue that may or may not dispose of the federal suit. In so doing, AMD seeks to turn abstention from a rare exception into a normal practice. Yet, as this Court admonished in *Moses Cone,* it is not the job of the federal courts to search for reasons *not* to exercise the jurisdiction accorded to them:

> [O]ur task in cases such as this is not to find some substantial reason for the *exercise* of federal jurisdiction by the district court; rather, the task is to ascertain whether there exist "exceptional" circumstances, the "clearest of justifications," that can suffice under *Colorado River* to justify the *surrender* of that jurisdiction.

460 U.S. at 25-26 (emphasis in original).

B. No Other Exceptional Circumstances Clearly Justified the District Court's Refusal to Adjudicate this Case

Apart from the "complete and prompt determination" rule, other circumstances of this case required reversal of the district court's stay under the clear and consistent precedent of this Court and the courts of appeals. For these independent reasons, as to which there is no circuit conflict, certiorari is inappropriate.

First and foremost, as the court of appeals observed in this case, "federal courts are particularly reluctant to relinquish

jurisdiction when a case involves federal law issues." [Pet. App. 9a n.7] That observation was compelled by this Court's directive in *Moses Cone* that "the presence of federal-law issues must always be a major consideration weighing against surrender." 460 U.S. at 26.[16] Despite that admonition, the district court relegated to the state courts the federal issue whether the arbitrator's award of 80386 rights to AMD violated 17 U.S.C. § 106, which provides that only the copyright holder may authorize the copying and distribution of a copyrighted work.

More than that, however, this copyright action is within the *exclusive* jurisdiction of the federal courts. 28 U.S.C. § 1338(a). Congress's establishment of exclusive federal jurisdiction leaves no doubt that federal policy is *not* to allow federal courts to withhold the exercise of their jurisdiction pending completion of state proceedings. For this reason, the courts of appeals routinely have held that federal district courts may not halt their proceedings where they possess exclusive jurisdiction.[17] Indeed, in lawyerly understatement, AMD conceded in

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[16] The federal issue in *Moses Cone* concerned the arbitrability of certain state law claims under the Federal Arbitration Act. This Court acknowledged that that issue was not of unique federal interest because "the federal courts' jurisdiction to enforce the Arbitration Act is concurrent with that of the state courts." 460 U.S. at 25. Nonetheless, the Court emphasized the presence of that issue in concluding that the district court's stay was an abuse of discretion. *Id.* at 23-26.

[17] *See Minucci v. Agrama,* 868 F.2d 1113, 1115 (9th Cir. 1989) (refusing to stay copyright claim; "[T]he district court has no discretion to stay proceedings as to claims within *exclusive* federal jurisdiction under the wise judicial administration exception."); *General Motors Corp. v. California Bd. of Equalization,* 815 F.2d 1305, 1308-09 (9th Cir. 1987) (Kennedy, J.) ("abstention would be inappropriate" because the case raised a federal (ERISA) issue and the action was "one over which the federal courts exercise exclusive jurisdiction"), *cert. denied,* 485 U.S. 941 (1988); *Medema v. Medema Builders, Inc.,* 854 F.2d 210, 215 (7th

the district court that the presence of exclusive federal jurisdiction in this case meant that the *Colorado River* doctrine was "not strictly applicable." [Def. AMD's Am. & Suppl. Mem. in Supp. of Its Mot. for a Stay, July 20, 1992, at 11][18]

Like the Ninth Circuit [Pet. App. 8a n.7], this Court need not decide whether some hypothetical extraordinary circumstance might ever justify a *Colorado River* stay where, as here, federal law provides the rule of decision on the merits and the action is within exclusive federal jurisdiction. In this case, *no* extraordinary circumstance discussed in this Court's *Colorado River* jurisprudence justifies a stay. As in *Moses Cone*, "[t]here was no assumption by either [the state court or federal court] of jurisdiction over any res or property, nor is there any contention that the federal forum was any less convenient to the parties than the state forum." 460 U.S. at 19. If exercising federal

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Cir. 1988) (overturning stay of federal securities claim; establishing bright-line rule against stays "where a plaintiff's nonfrivolous claim invokes the exclusive jurisdiction of federal courts"); *Andrea Theatres, Inc. v. Theatre Confections, Inc.*, 787 F.2d 59, 62 (2d Cir. 1986) (rejecting dismissal of antitrust claim; "abstention is clearly improper when a federal suit alleges claims within the exclusive jurisdiction of the federal courts"); *Kruse v. Snowshoe Co.*, 715 F.2d 120, 124 (4th Cir. 1983) (abstention inappropriate in case involving federal antitrust claims; "not only is the source of law . . . federal, but the district court has exclusive jurisdiction"), *cert. denied.*, 465 U.S. 1065 (1984). *See also Arizona v. San Carlos Apache Tribe*, 463 U.S. 545, 560 (1983) ("a dismissal or stay of the federal suits would have been improper if there was no jurisdiction in the concurrent state actions to adjudicate the claims at issue in the federal suits"); *Will v. Calvert Fire Ins. Co.*, 437 U.S. 655, 670, 673-76 (1978) (Brennan, J., dissenting).

[18] AMD seeks to lessen the significance of exclusive federal jurisdiction in this case by stressing that the district court merely stayed, and did not dismiss, this action. [Pet. 18] But "a stay is as much a refusal to exercise federal jurisdiction as a dismissal." *Moses Cone*, 460 U.S. at 28.

jurisdiction causes the state and federal proceedings to overlap somewhat, that is an acceptable consequence of the policy of the exclusive jurisdiction statute. *See Kruse v. Snowshoe Co.*, 715 F.2d 120, 124 (4th Cir. 1983) ("where the district court is presented with a claim over which it has exclusive jurisdiction, a policy opposite to the policy of avoidance of piecemeal litigation is present"), *cert. denied*, 465 U.S. 1065 (1984). In any event, concurrent proceedings will not waste substantial resources in this case. The issue that overlaps the state and federal proceedings (whether the arbitrator had authority to grant AMD a license to copy) is a straightforward question of law.[19]

As to the priority and progress of the proceedings [*see Colorado River*, 424 U.S. at 819], Intel filed this case before the arbitrator ever made his award and before that award came before the California courts. Furthermore, although the Superior Court had ruled at the time the district court issued its stay, the state law outcome was not final because two stages of appeal remained. The federal court proceedings were essentially as advanced: the issues were fully briefed and a partial summary judgment motion was pending.

C. The Ninth Circuit's Application of Colorado River Does Not Create a Circuit Conflict

Although AMD asserts that the decision below conflicts with decisions of the Third and Seventh Circuits [Pet. 17-21], the cases it cites do not suggest that those courts would have upheld the stay here.

In *Ingersoll-Rand Financial Corp. v. Callison*, 844 F.2d 133 (3d Cir. 1988), Jackson sued Ingersoll-Rand in state court under

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[19] As the Ninth Circuit observed, "the critical questions regarding enforceability appear to be primarily legal; they concern the jurisdiction of the arbitrator and the appropriateness of the remedy." [Pet. App. 12a]

the Securities Act of 1933, seeking to invalidate a promissory note. Ingersoll-Rand then brought a federal diversity action against Jackson to enforce the same promissory note. For two reasons entirely unrelated to the circumstances here, the Third Circuit held that it was appropriate to defer the federal proceedings pending outcome of the state action. First, the court observed that the Securities Act (under which the state action was filed) not only created concurrent jurisdiction in the federal and state courts, but also prohibited the removal of cases filed in state court. Accordingly, the court concluded that allowing Ingersoll-Rand to proceed with its diversity case would thwart Congress's command that securities plaintiffs be permitted to choose their forum. *Id.* at 137. Second, because the federal action was based on diversity of citizenship, the court emphasized that "state law and not federal will govern the merits of the collection action in either court." *Id.* In contrast, the issues in this action are governed by federal law, and Congress has mandated that federal courts have exclusive jurisdiction to enforce and interpret the Copyright Act. The difference in these statutory policies dictated the different results in *Ingersoll-Rand* and this case.[20]

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[20] AMD also cites *Neptune v. McCarthy*, 706 F. Supp. 958 (D. Mass. 1989). That district court case of course creates no conflict among the circuits, and does not discuss the complete resolution rule or the propriety of staying an exclusively federal claim so that a state court can rule on a defense turning on federal law.

Also irrelevant is AMD's suggestion that the Ninth Circuit's holding is inconsistent with the "well-established principle that a district court may stay proceedings of matters within the exclusive jurisdiction of the federal courts pending arbitration of other issues." [Pet. 20 & n.9 (citing *Levin v. Ripple Twist Mills, Inc.* 416 F. Supp. 876, 879-81 (E.D. Pa. 1976), *appeal dismissed*, 549 F.2d 795 (3d Cir. 1977) (Table); and *Hikers Indus. v. William Stuart Indus. (Far East)*, 640 F. Supp. 175, 178 (S.D.N.Y. 1986))] The cases AMD cites stand for the proposition that, under or by analogy to the Federal Arbitration Act, if Intel had agreed to

In *Day v. Union Mines Inc.*, 862 F.2d 652 (7th Cir. 1988), the court found that the state and federal proceedings were parallel—and thus a *Colorado River* stay was available—because "the district court judge could reasonably assume that the federal issue would be decided in the full course of the state litigation" and that, in any event, the proceedings had become perfectly parallel as of the time of the appeal due to amended pleadings. *Id.* at 657. Here, the federal and state proceedings are not parallel because a decision adverse to AMD in the state court proceedings would eliminate one of AMD's defenses but leave Intel's copyright claim unresolved.[21] Moreover, in upholding the stay in *Day*, the Seventh Circuit expressly noted that all the issues in the case turned on state law and that hearing the federal claim would be contrary to the policies of the diversity and removal statutes. *Id.* at 660. *Day* does not support AMD's suggestion that wise judicial administration requires staying an exclusively federal claim to let state courts decide a defense that turns on federal law, where there is no reasonable assurance that the proceedings will completely resolve the dispute between the parties.

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arbitrate the licensure issue, the district court properly could have stayed proceedings on Intel's suit pending arbitration. As discussed in the next section, Intel never agreed to any such arbitration, and the Arbitration Act has no application here.

[21] The other Seventh Circuit case cited by AMD is similarly inapposite for there, unlike here, "issues in [the] state and federal actions [were] substantially the same." *Interstate Material Corp. v. City of Chicago*, 847 F.2d 1285, 1288 (7th Cir. 1988).

III. THE FEDERAL ARBITRATION ACT DID NOT JUSTIFY THE STAY

AMD asserts [Pet. 21-25] that the decision of the court of appeals conflicts with the Federal Arbitration Act. It does not, and AMD fails to identify a circuit conflict or any important issue related to that Act suggesting the need for resolution by this Court.

Section 3 of the Arbitration Act, on which AMD relies, provides that a court hearing a suit "brought . . . upon any issue referable to arbitration" under a written agreement shall, upon request, stay that claim until the arbitration "has been had in accordance with the agreement."[22] The district court did not invoke Section 3, and properly so. Intel's copyright claim is not subject to any arbitration agreement, nor has AMD ever sought arbitration of the copyright issues in this case.[23] AMD asserts a defense based upon the purported award of a license, but the legality of an arbitration award is a matter for judicial, not arbitral, resolution. Intel's claim and AMD's defense thus

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[22] Section 103 reads:

> If any suit or proceeding be brought in any of the courts of the United States *upon any issue referable to arbitration* under an agreement in writing for such arbitration, the court in which such suit is pending, upon being satisfied that the issue involved in such suit or proceeding is referable to arbitration under such an agreement, shall on application of one of the parties stay the trial of the action *until such arbitration has been had in accordance with the terms of the agreement,* providing the applicant for the stay is not in default in proceeding with such arbitration.

9 U.S.C. § 3 (emphasis added).

[23] *See* AMD C.A. Br. 20 (the "arbitration did not involve Intel's claim of copyright infringement").

present non-arbitrable issues within the exclusive jurisdiction of the district court.[24]

Nor do the "core policies" behind the Arbitration Act suggest that the court of appeals erred. The Ninth Circuit has merely required the district court to exercise its exclusive jurisdiction in a case that predated the arbitration award. [*See* Pet. App. 10a-11a]. Intel has never asked the federal courts to modify or set aside that award. Intel has only contested the affirmative defense of licensure injected into this case by *AMD*.[25]

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[24] Moreover, even if the threshold test of Section 3 had been satisfied, as the Ninth Circuit held [Pet. App. 10a], the contractual arbitration "ha[d] been had in accordance with the agreement." The arbitration itself ended once the arbitrator issued his final award; the subsequent proceedings to review that award are legally distinct, just as a trial and appeal are distinct. The fundamental purpose of Section 3 is to give the arbitrator the opportunity to rule first, and that purpose had been served.

AMD suggests that when an arbitration "has been had" depends on the vagaries of state law regarding collateral effects on other proceedings. AMD fails to explain why the Arbitration Act establishes a uniform federal standard in all respects but this. In any event, this novel issue plainly does not merit this Court's review. Even AMD alleges no circuit split, and, as the paucity of decisions indicates, the issue will rarely be of practical import.

[25] Although AMD suggests that Intel has used this case as a vehicle to derail the arbitration award, the opposite is true. No arbitration award existed when Intel filed suit. Rather, the arbitrator attempted to decide *this* case in AMD's favor, expressly without regard to its merits, and notwithstanding that AMD's contractual claim to the 80386 had been found meritless.

Nor has Intel "forum shopped." Intel brought its copyright suit in federal court because federal courts have exclusive jurisdiction over such claims. Later, *AMD* chose the state court forum by seeking confirmation of the award in that court. Intel merely filed a cross-petition to correct the award in the same court.

IV. PRINCIPLES OF FINALITY AND COMITY DID NOT JUSTIFY THE STAY

AMD also argues [Pet. 25-30] that principles of finality and comity justified the stay. AMD asserts no circuit conflict in this regard, and its argument rests on two mistaken assumptions.

First, AMD assumes that general notions of comity and finality can avoid the "virtually unflagging obligation of the federal courts to exercise the jurisdiction given them." *Colorado River,* 424 U.S. at 817. They cannot. "Generally, as between state and federal courts, the rule is that 'the pendency of an action in the state court is no bar to proceedings concerning the same matter in the Federal court having jurisdiction.'" *Id.* (citation omitted). While the *Colorado River* doctrine carves out an extremely narrow exception to that rule, the exception is based on principles of "wise judicial administration" that are "*unrelated* to . . . regard for federal-state relations." *Id.* (emphasis added). For the reasons discussed in Section II above, AMD cannot satisfy the stringent requirements for a *Colorado River* stay. Its reliance on "comity" and "finality" is simply an effort to evade them.

Second, AMD's invocation of "comity" and "finality" erroneously assumes that the California state court proceedings are entitled to preclusive effect in this action. From that mistaken assumption, AMD argues [Pet. 27] that the Ninth Circuit's decision casts doubt on "the ability of a federal court to stay its proceedings pending the appeal and final resolution of an earlier judgment having preclusive effect." AMD ignores that the California proceedings are not final or entitled to preclusive effect under state law and therefore cannot have preclusive effect in this action. Whether the state court proceedings, on becoming final, ever will have preclusive effect is a record-bound question of state law of no interest to this Court. *See* Section V.

Equally without merit is AMD's suggestion [Pet. 28-30] that a stay is necessary to ensure compliance with the *Rooker-Feld-*

man doctrine.[26] Intel did not bring this action to review any state court proceedings. This action was brought *before* those proceedings commenced, indeed before the arbitrator made his award. After the Superior Court rendered its judgment, Intel was content to appeal to the California Court of Appeal, and did so successfully.[27]

V. TO REVERSE THE DECISION BELOW, THIS COURT WOULD HAVE TO RESOLVE A COLLATERAL ESTOPPEL QUESTION THAT TURNS ON STATE LAW AND IS OF NO CONCERN TO OTHER LITIGANTS

The purpose of the district court's stay was to give collateral estoppel effect to the California courts' final ruling on the legality of the arbitrator's award of a license. Indeed, the stay would have been pointless and improper unless collateral estoppel applied. *See Will v. Calvert Fire Ins. Co.*, 437 U.S. 655, 676 (1978) (Brennan, J., dissenting) (if the state court ruling were not entitled to collateral estoppel effect, "there would be no reason for staying the federal action since nothing that tran-

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[26] The district court expressly declined to predicate the stay on the *Rooker-Feldman* doctrine because AMD did not raise or brief the issue. [Pet. App. 23a]

[27] AMD also recites this Court's statement in *Landis v. North American Co.*, 299 U.S. 248, 254 (1936), that "the power to stay proceedings is incidental to the power inherent in every court to control the disposition of the causes on its docket with economy of time and effort for itself, for counsel, and for litigants." *Landis*, however, involved the stay of one federal suit to await the disposition of a similar suit pending in another federal court. In *Colorado River*, this Court cited *Landis* in observing the "difference in general approach between state-federal concurrent jurisdiction and wholly federal concurrent jurisdiction." 424 U.S. at 817. This case is yet another step removed from *Landis*, for it involves the stay of an exclusively federal action pending the outcome of non-parallel state proceedings.

spires in the state proceedings would affect the adjudication of the federal claims"). Although the court of appeals reversed the stay without deciding whether collateral estoppel would have been proper, this Court would have to reach that issue to reinstate the stay as requested by AMD.

On the merits of that question, Intel submits that collateral estoppel would not apply.[28] At a minimum, the Ninth Circuit was correct to find substantial doubt that the state proceedings will be preclusive, which rendered the stay inappropriate under the "complete and prompt determination" rule of *Moses Cone* and *Gulfstream Aerospace*. More importantly for present purposes, however, resolution of the collateral estoppel question is essential for reversal yet inappropriate for this Court's review

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[28] Apart from the arbitrator's lack of jurisdiction to adjudicate extracontractual copyright matters, the award of the purported license was neither "actually litigated" before the arbitrator nor "necessarily decided" during the arbitration, as required for collateral estoppel. *See, e.g., Lucido v. Superior Court,* 51 Cal. 3d 335, 341, 795 P.2d 1223, 1225, 272 Cal. Rptr. 767, 769 (1990) (listing the elements of collateral estoppel), *cert. denied,* 500 U.S. 920 (1991).

Under California law, an issue is "actually litigated" only when raised by the pleadings and resolved on the facts. *Betyar v. Pierce,* 205 Cal. App. 3d 1250, 1254, 252 Cal. Rptr. 907, 909 (1988). The issue that *was* litigated in the arbitration was whether AMD had a contractual right to the 80386, and that issue was resolved in Intel's favor. AMD's right to copy the 80386 microcode after the contract was concluded was neither pleaded nor briefed nor resolved as a matter of fact. The arbitrator raised the issue himself and awarded a license by fiat.

Similarly, the arbitrator's award of a "license" was not necessary to his judgment because he was asked only to decide AMD's contractual right to the 80386. *See Johnson v. St. Frances Xavier Cabrini Hosp.,* 910 F.2d 594, 595-96 (9th Cir. 1990) (no preclusive effect to arbitrator's dictum that benefit reduction complied with pension plan, when only issue before him was whether the reduction complied with collective bargaining agreement).

on certiorari. Under the "full faith and credit" principle, California law governs, and to determine the propriety of collateral estoppel this Court would have to delve into the record to determine a question of no interest beyond this case.

VI. THE ISSUES LIKELY WILL BECOME MOOT BEFORE THIS COURT COULD DECIDE THEM

The issues presented in AMD's petition essentially concern the order in which the federal and state courts address the arbitrator's power to award AMD a license to copy. Accordingly, they will become moot when the California Supreme Court confirms or sets aside the arbitration award, thus concluding the state court proceeding. Because briefing is complete in the California Supreme Court, it likely will render its decision before this Court could grant plenary consideration.

CONCLUSION

The petition for a writ of certiorari should be denied.

Respectfully submitted,

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Date: May 20, 1994

APPENDIX

17 U.S.C. § 106 provides:

> **§ 106. Exclusive rights in copyrighted works**
>
> Subject to sections 107 through 120, the owner of copyright under this title has the exclusive rights to do and to authorize any of the following:
>
> (1) to reproduce the copyrighted work in copies or phonorecords;
>
> (2) to prepare derivative works based upon the copyrighted work;
>
> (3) to distribute copies or phonorecords of the copyrighted work to the public by sale or other transfer of ownership, or by rental, lease, or lending;
>
> (4) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and motion pictures and other audiovisual works, to perform the copyrighted work publicly; and
>
> (5) in the case of literary, musical, dramatic, and choreographic works, pantomimes, and pictorial, graphic, or sculptural works, including the individual images of a motion picture or other audiovisual work, to display the copyrighted work publicly.